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COMMENTARY

High-Tech Help for the Freelance Physician

Nomad founder Alexi Nazem is giving his medical colleagues a way into the gig economy.

By **ALLYSIA FINLEY**

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From Amazon to eBay and Uber to Airbnb, digital technology has revolutionized everyday life. But when you get sick, you might as well take a time machine back a few decades. You phone your doctor's office to make an appointment. You sit in a waiting room stocked with old magazines. The physician writes down notes about your symptoms and stores them in paper files. When you're done, a receptionist hands you a little card with the date and time of your next visit.

Alexi Nazem, a 34-year-old physician-turned-entrepreneur, has some ideas about how to bring American medicine out of the fax-and-landline age and into the 21st century. "Our goal is to be the Airbnb of health care," he says of Nomad, the startup he co-founded and now leads as CEO. That oversells it a bit: Whereas Airbnb connects ordinary lodgers with spare rooms, Nomad is a business-to-business proposition. It does, however, bring doctors into the gig economy.

That could help attenuate a pending shortage of physicians. Residency positions at hospitals aren't increasing nearly fast enough to meet the growing demand for services as baby boomers age and senior doctors retire. By 2025, the U.S. will be short between 61,700 and 94,700 doctors, according to the Association of American Medical Colleges. In 2014 there were 782,210 active physicians under 75, a mere 2% increase from the prior year.

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But one area of medicine is expanding rapidly: freelance work. Some 50,000 doctors perform *locum tenens* jobs—Latin for “placeholder”—and Mr. Nazem says the market is growing 6% a year. More than 90% of U.S. hospitals hire locums, sometimes as a prelude to full-time work. “Locum tenens is often a way to ‘try before you buy,’” Dr. Nazem says.

Locums also help steady the normal swings in labor supply and demand—a doctor may take vacation or maternity leave, or a flu epidemic may cause a spike in admissions, or, in Dr. Nazem’s example, “a hospital near a ski resort may need more emergency room doctors during ski season.”



PHOTO: KEN FALLIN

Doctors’ reasons for pursuing locum work vary. “There are a lot of people nearing the end of their careers,” Dr. Nazem says. “They love the practice of medicine but don’t necessarily want to practice six or seven days a week anymore, so this kind of work affords them flexibility.” At the other end of the age distribution are millennials looking to earn extra cash to repay their student loans while supporting young families: “In the last three years, there’s been a 50% increase in the number of doctors who go straight from their residency into this kind of freelance work.”

Locum work allows physicians to travel. They can visit their elderly parents or adult children in another part of the country, working temporarily there while creating a short-

term vacancy for a locum back home. The growth in this model, Dr. Nazem adds, reflects “a larger trend in the general economy of more people wanting to do freelance work,” as well as doctors’ frustrations with the “challenges of working in the existing bureaucracy.”

Thus the problem Nomad has made a business of solving. Doctors turn to locum work to escape bureaucratic dysfunction, but to do so they’ve had to sign up with “brokers”—middlemen who introduce new burdens. Dr. Nazem describes his own exasperating experience applying for locum side gigs while employed at New York Presbyterian Hospital.

One of them involved filling out a 94-page paper application and mailing it to a broker. “I printed it out double-sided to save some trees, dutifully filled it out, and then sent it in, only to have it rejected because they couldn’t accept the forms two-sided,” Dr. Nazem recalls. “So I had to reprint all 94 pages of forms and refill them. All told, that saga took 15 hours of my life. And if I want to do another locum job, even through the same agency, I’d have to fill out a similarly large packet of forms all over again.”

Once it took him 10 months to book a three-day job, which he says is not atypical. Another time, after traveling two hours for a job interview, he was stood up—and because his only contact was the broker, he had no way of reaching the hospital.

Then there was the hospital that offered him a locum job and told him it involved eight-hour shifts of admitting new patients from the emergency room. When he arrived, he was assigned 12-hour shifts covering hundreds of patients and asked to run code blues—resuscitating patients in cardiac arrest. “That kind of work is well within my skill set,” he says, “but the bait-and-switch—intentional or not—was frustrating.”

Adding injury to insult, brokers charge hefty commissions, typically between 30% to 40%, though it’s hard to know. “Contractually neither the doctor nor the hospital are allowed to tell each other what they are being paid,” Dr. Nazem says. “The flow of funds is hospital to broker to doctor. So a hospital will say, ‘I want to hire an emergency-room physician for a month,’ and they go to a broker and ask, ‘Can you help me find that person?’ In this middle part when the broker is handling the funds, there is zero transparency.”

Nomad provides that transparency. Its website connects locums with clinics for a flat 15% fee. Founded by Dr. Nazem, the venture capitalists Kevin Ryan and Zander Pease, and two Yale neurosurgeons, Nomad began operations 11 months ago in New York and has since expanded to most of the Eastern Seaboard. Dr. Nazem says thousands of physicians and a couple of hundred medical facilities have signed up, though he won’t provide exact figures.

“The potential growth here is tremendous,” he says, since making locum work easier will draw more doctors to it. “The people who drive Uber probably never drove taxis before. The people who rented out their homes on Airbnb would never have considered hosting a bed-and-breakfast.”

By increasing the flexibility and productivity of the medical workforce, Nomad could help satisfy increasing demand for health care. Dr. Nazem also hopes that its cloud-based information systems will improve efficiency and quality.

Most records on doctors’ credentials are fragmented and haven’t been digitized. Nomad electronically collates them—including doctors’ degrees, licenses, malpractice insurance and history—and transmits them to hospitals at a click of a button. It also

allows hospitals to rate locums, and vice versa. “Because of the transparent nature, there might be a rising of the cream to the top,” Dr. Nazem says. “It should be easier to hire higher-quality doctors and nurses.”

In the age of Uber, Nomad’s innovations may not seem revolutionary. But the risk-averse health-care industry has been slow to embrace similar technology. “This culture of risk aversion has been developed over centuries and mainly in the introduction of new treatments,” Dr. Nazem says. “But that same level of risk aversion has translated to all areas of the health-care system.”

One result is that health care is heavily regulated. There’s a possibility that bureaucrats could try to thwart Nomad as they have Uber and Airbnb. But so far there isn’t a “monolithic force” opposing Nomad, Dr. Nazem says—aside from the brokers, who he says are universally unpopular. “Why would you put any roadblocks to allowing doctors to move easily around the country to places where they are needed?” he asks.

Good question. Still, state medical-licensing agencies could put up barriers. Currently doctors are required to register and pay a fee in each state where they practice, which Dr. Nazem says is “impeding the liquidity of the market.” The privilege of practicing medicine across the New York tristate area might cost a locum several thousand dollars each year. It isn’t hard to imagine that unions, which have lately enjoyed success in some states organizing hospitals and home-care workers, will perceive the growing freelance market as a threat.

Also, what’s to stop someone else from creating a copycat and poaching Nomad users? Dr. Nazem points to a “strong networking effect” that has enabled eBay, Facebook and Uber largely to ward off competitors. In the 1990s there were several players in the online auction marketplace. “But in the end, eBay prevailed to the exclusion of others,” he says. “There wasn’t room for more than one player because liquidity—inventory of goods to sell and buyers to buy them—is the linchpin of success.”

Similarly, Dr. Nazem says, “if all or most of the doctors in the locum tenens market are on Nomad, then all the locum jobs will come to Nomad; and if all the locum jobs are on Nomad, then all the locum doctors will come to Nomad. It’s a virtuous cycle that has benefited so many marketplaces.” Nomad aims to add so much value for users—both hospitals and clinicians—that it will eventually become as indispensable to the health-care system as Facebook has become to social networking.

Will patients enjoy the benefits of big data? Dr. Nazem is optimistic. “I suspect that health care today is where the computer industry was in the 1980s—on the precipice of decades of blistering growth and change,” he says. “Technology’s ability to handle information on a massive scale will enable us to do incredible, almost magical, things. We will be able to prevent disease, identify disease sooner, manage and treat disease more effectively, and improve end results.”

Ms. Finley is an editorial writer for the Journal.

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